

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA**

<b>UNITED STATES OF AMERICA</b>	*	<b>CRIMINAL NO: 08-153</b>
<b>v.</b>	*	<b>SECTION: "B"</b>
<b>DEBORAH KNIGHTEN</b>	*	<b>VIOLATION: 18 U.S.C. § 371</b>
	*   *   *	

**FACTUAL BASIS**

Should this matter proceed to trial, the Government would produce the following competent testimony and evidence to prove beyond a reasonable doubt the defendant, DEBORAH KNIGHTEN's, guilt to Count One of the Bill of Information:

Employees with Catholic Charities of the Archdiocese of New Orleans ("Catholic Charities") would testify that on or about July 27, 2007, they called the Department of Housing and Urban Development–Office of Inspector General to report fraud they discovered in the Supportive Housing Program ("SHP") files. The SHP was a Congressionally authorized program designed to assist homeless individuals with free housing and lifeskills training that was funded through the United States Department of Housing and Urban Development (HUD), an agency and department of the United States. The SHP defined homeless as living on the street or an emergency shelter. HUD awarded federally funded grants annually to state and local

governments and other non-governmental organizations and agencies across the country to implement the SHP. For fiscal year 2006-2007, which began on or about July 1, 2006 and ended on or about June 30, 2007, Unity of Greater New Orleans was awarded a grant from HUD for implementation of the SHP in New Orleans, Louisiana. Unity of Greater New Orleans then sub-granted over \$100,000 of the federal funds to Catholic Charities for the SHP. Catholic Charities was required by HUD and UNITY of Greater New Orleans to complete annual spending and performance audits of their implementation of the SHP. Funds from the SHP grant paid for a deposit and one to three months rent for a qualifying homeless individual or family and case management or lifeskills training for the homeless individual or family to become self-sustaining during that time period.

To qualify for the program, a homeless individual or family completed a detailed application with Catholic Charities verifying, among other things, that they were homeless, they had a job, and they were not receiving other governmental assistance such as FEMA or SBA money. The case manager for the SHP was required to assist and track the individual's or family's progress to independent living. Once the individual or family was in the program, the individual or the Catholic Charities case manager for the SHP would find an eligible unit meeting HUD standards and the landlord would be required to complete numerous forms including a landlord verification form which the landlord would sign verifying the tenant, the property to be rented, the amount of the deposit and rent per month, and the address where Catholic Charities was to send the tenant's rent. Catholic Charities paid the landlord directly.

Employees of Catholic Charities would testify and documentation would be offered to show that from in or around March 2006 to on or about July 20, 2007, the primary case manager

for the SHP whose duties included verifying the qualifying status of the individual's applying for assistance and the suitability of the landlord's rental units was Margare Segura. Employees of Catholic Charities would testify and documentation would be produced to show that Margare Segura prepared documentation that qualified A.L. as a landlord with a housing unit at 2536 South Galvez Street. A landlord verification form would be produced to show that the defendant, DEBORAH KNIGHTEN, was documented by Margare Segura as the homeless individual who would reside at 2536 South Galvez Street, New Orleans, Louisiana from August 15, 2006 to September 15, 2006. Documentation would be produced to show that on or about August 31, 2006, Margare Segura had Catholic Charities issue a check, number 153805, from SHP funds payable to A.L. in the amount of \$2400 for the defendant, DEBORAH KNIGHTEN's, rent. The canceled check, number 153805, would be produced to show that the check was endorsed in the name of A.L. and the defendant, DEBORAH KNIGHTEN, and cashed. A.L. would testify that he never rented his property at 2536 South Galvez Street to the defendant, DEBORAH KNIGHTEN. A.L. would testify that the defendant, DEBORAH KNIGHTEN, admitted to A.L. after the HUD-OIG investigation began that Margare Segura gave her the check payable to A.L. and that she forged his name and signed her name on the check and cashed it. The defendant, DEBORAH KNIGHTEN, admitted that she gave half of the \$2400 to Margare Segura.

Employees with Catholic Charities would testify and documentation would be produced to show that the defendant, DEBORAH KNIGHTEN, was documented by Margare Segura as a landlord of a rental unit for homeless individuals through the SHP. On January 31, 2007, Catholic Charities, at the request of Margare Segura, issued the defendant, DEBORAH

KNIGHTEN, a check, number 165680, payable to her in the amount of \$2400 from SHP funds as a landlord for an individual named M.H. to reside at 4005 S. Bamboo Dr, Harvey, Louisiana. The landlord verification form would be produced to show that M.H. was to reside at 4005 S. Bamboo from February 1, 2007 until March 1, 2007. Mortgage records would be produced to show that the residence at 4005 S. Bamboo Drive, Harvey, Louisiana was the defendant, DEBORAH KNIGHTEN's, primary residence. The canceled check, number 165680, would be produced to show that the defendant, DEBORAH KNIGHTEN, endorsed and cashed it.

On June 22, 2007, Catholic Charities, at the request of Margare Segura, issued the defendant, DEBORAH KNIGHTEN, a check, number 175997, payable to her in the amount of \$1200 from SHP funds as a landlord for an individual named M.H. to reside at 4005 S. Bamboo Dr, Harvey, Louisiana. The landlord verification form would be produced to show that the original dates M.H. was to reside at 4005 S. Bamboo had been changed to June 1, 2007 through June 30, 2007. The canceled check, number 175997, would be produced to show that the defendant, DEBORAH KNIGHTEN, endorsed and cashed it. Documentation would be produced to show that Margare Segura had the aforementioned checks hand delivered to the defendant, DEBORAH KNIGHTEN. The defendant, DEBORAH KNIGHTEN, admitted that she never rented 4005 S. Bamboo Drive to anyone and that Margare Segura knew that she did not rent this property to a qualifying homeless individual, but agreed to have the checks fraudulently issued to her in exchange for the defendant, DEBORAH KNIGHTEN, splitting the illegal proceeds.

On May 10, 2007, Catholic Charities, at the request of Margare Segura, issued the defendant, DEBORAH KNIGHTEN, a check, number 172757, payable to her in the amount of \$2400 from the SHP funds as a landlord for an individual named B.L. to reside at 3326 Baudin

Street, Harvey, Louisiana. The landlord verification form would be produced to show that there was no indication on the form as to when B.L. would reside at the property. The canceled check would be produced to show that the defendant, DEBORAH KNIGHTEN, endorsed and cashed it. On May 11, 2007, Catholic Charities, at the request of Margare Segura, issued the defendant, DEBORAH KNIGHTEN, a check, number 172878, payable to her in the amount of \$812.91 from SHP funds for B.L.'s past due rent at 3326 Baudin Street, New Orleans, Louisiana. The landlord verification form would be produced to show that there was no indication on the form as to what month the past rent was owed. The canceled check would be produced to show that the defendant, DEBORAH KNIGHTEN, endorsed and cashed it. On June 22, 2007, Catholic Charities, at the request of Margare Segura, issued the defendant, DEBORAH KNIGHTEN, a check, number 175996, payable to her in the amount of \$1,000 from SHP funds as a landlord for an individual named B.L. There was no landlord verification form documenting where or when B.L. was to be the defendant, DEBORAH KNIGHTEN's, tenant. The canceled check would be produced to show that the defendant, DEBORAH KNIGHTEN, endorsed and cashed it. Documentation would be produced to show that Margare Segura had all the aforementioned checks hand delivered to the defendant, DEBORAH KNIGHTEN. Records from the City of New Orleans Conveyance office would be produced to show that the defendant, DEBORAH KNIGHTEN, never owned the property 3326 Baudin Street, New Orleans, Louisiana. The defendant, DEBORAH KNIGHTEN, admitted that she did not rent this property to anyone, and that Margare Segura knew she was not renting this property to qualifying homeless individuals, but agreed to have the checks fraudulently issued to her in exchange for the defendant, DEBORAH KNIGHTEN, splitting the illegal proceeds with her.

On June 29, 2007, Catholic Charities, at the request of Margare Segura, issued the defendant, DEBORAH KNIGHTEN, a check, number 177207, payable to her in the amount of \$4400 from SHP funds as a landlord for M.H. and B.L. There was no landlord verification form documenting where or when M.H. and B.L. were to be the defendant, DEBORAH KNIGHTEN's, tenants. The canceled check would be produced to show that the defendant, DEBORAH KNIGHTEN, endorsed and cashed it. Documentation would be produced to show that Margare Segura had the check hand delivered to the defendant, DEBORAH KNIGHTEN.

The defendant, DEBORAH KNIGHTEN, and the government agree to stipulate that the amount of loss that the defendant, DEBORAH KNIGHTEN, was responsible for or that was reasonably foreseeable to her during this conspiracy was no greater than \$15,000. This assessment was arrived at through analysis of all Catholic Charities accounting documentation, financial records, and witness interviews.

READ AND APPROVED:

\_\_\_\_\_  
EMILY K. GREENFIELD (LA 28587)  
Assistant United States Attorney

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Ralph Capitelli ( )  
Counsel for Defendant

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DATE

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Deborah Knighten  
Defendant

\_\_\_\_\_  
DATE